

October 9, 2001

VIA HAND DELIVERY

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

Re: Western Massachusetts Electric Company Request for Approval of
Standard Offer Solicitation for Calendar Year 2002

Dear Secretary Cottrell:

Western Massachusetts Electric Company ("WMECO") hereby requests that the Department of Telecommunications and Energy ("Department") approve the attached contract between WMECO and the winning bidder to supply WMECO's customers with Standard Offer service for calendar-year 2002. Five copies of this filing are enclosed. In addition, WMECO has submitted the filing electronically at dte.efiling@state.ma.us.

Section 1B(b) of Chapter 164 of the General Laws requires each distribution company to purchase electricity for Standard Offer service through a competitive bid process that is approved by the Department. Previously, on September 6, 2001, the Department approved WMECO's Standard Offer Request for Proposals and its issuance. The winning bidder in WMECO's solicitation, as shown on the attached contract, will supply WMECO's Standard Offer service at an average price of 4.829 cents per kilowatthour. This is a significant reduction from the average price of 7.258 cents per kilowatthour in place for calendar 2001. The lower 2002 level for Standard Offer service will directly benefit WMECO's customers. Later this Fall, WMECO will submit to the Department a separate filing which will adjust WMECO's rates as of January 1, 2002 for the new Standard Offer price and for other relevant factors. In this filing, WMECO seeks only approval of the attached contract for Standard Offer service supply.

The terms of the attached contract with the winning bidder are similar to those submitted to, and approved by, the Department last year. As was the case last year, uplift congestion costs are not the responsibility of the Standard Offer service provider. Pursuant to the Department's Order in D.T.E. 00-110 (December 29, 2000), congestion costs will be recovered as an adjustment to WMECO's transmission rates. The contract attached to this filing has been

redacted, as has been the case in the past, to protect the name of the winning bidder and certain limited other terms. In accordance with Department policy, one copy of the unredacted contract is provided to the Department in a sealed envelope. In addition, those appropriate parties that have signed a confidentiality agreement with WMECO will receive the unredacted contract.

As in past solicitations, WMECO and the Division of Energy Resources have retained John E. Higgins, Jr., a consultant with Navigant Consulting, Inc., 200 Wheeler Road, Burlington, Massachusetts 01803, as the independent third party to evaluate the solicitation process. Mr. Higgins has informed WMECO that he believes that the instant solicitation was fair and equitable. WMECO understands that Mr. Higgins will provide a separate written communication to the Department confirming that conclusion.

Finally, as WMECO stated to the Department in its letter of August 30, 2001, it is important that the Department expeditiously consider and rule on WMECO's request for approval of its Standard Offer service contract. The winning bidder has made clear to WMECO that an expeditious ruling is critical. Given the favorable prices obtained in this solicitation (and the uncertainty of how bids would change if the Standard Offer service were to be re-bid), WMECO is particularly interested in locking-in the winning bidder's price. Accordingly, WMECO urges the Department to review and rule on this request within five business days -- the same period of time in which the Department considers Default Service solicitations.

Please contact me or Don Bishop (617/345-4622) should you have any questions concerning this request.

Sincerely,

Stephen Klionsky

cc: Paul Afonso
Ronald LeComte
Joseph Rogers
Robert Sydney
Daniel Sardo
Andrew J. Newman